Well Name: BCH-DG-125 (CBM-PGP-125)

# BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	POCAHONTAS GAS PARTNERSHIP	)
RELIEF SOUGHT:	FORCE POOLING	) Docket No. VGOB-92/04/21-0217
LEGAL DESCRIPTION:	KEEN MOUNTAIN QUADRANGLE BUCHANAN COUNTY, VIRGINIA (SEE DESCRIPTION HEREIN AND PLAT ATTACHED HERETO AS	) ) ) )
	EXHIBIT "B")	)

# APPLICATION:

# 1. Parties.

- 1.1 Applicant herein is POCAHONTAS GAS PARTNERSHIP, a Virginia partnership composed of Consolidation Coal Company ("Consol"), a Delaware corporation, and Conoco Inc., a Delaware corporation, whose address for the purpose hereof is P.O. Box 200, Mavisdale, Virginia, 24627, Telephone: (703) 498-3336. The attorneys for Applicant are James P. Jones and Elizabeth A. McClanahan, of the firm of Penn, Stuart, Eskridge & Jones, P.O. Box 2288, Abingdon, Virginia 24210, Telephone: (703) 628-5151.
- 1.2 Applicant has the right to explore, develop and produce coalbed methane and coalbed methane located in the active gob area (hereinafter collectively referred to as "coalbed methane gas") from the pool defined as those coal seams below the Tiller Seam, including the Lower Castle, Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, C, War Creek, Pocahontas No. 10, Lower Horsepen, Pocahontas No. 9,

Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds or pools, rock strata associated therewith, strata correlative to the coal seams and coalbeds, and all zones in communication therewith and all productive extensions thereof (hereinafter the "Pool"), within the Oakwood Coalbed Gas Field and underlying the lands designated as the SLW9, and more specifically depicted on Exhibit "A" attached hereto and made a part hereof, and to appropriate the coalbed methane gas produced therefrom.

1.3 The names and last-known addresses of each owner identified by Applicant as having an interest in the coalbed methane gas, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by the Applicant as a potential owner of the coalbed methane gas underlying the tracts depicted on Exhibit "B", are set forth in Exhibit "C" attached hereto and made a part hereof.

Every individual or entity having an interest in the coalbed methane gas underlying the tracts in the SLW9 unit is being made a party to this application, whether known or unknown. Each of the individuals named in Exhibit "C" is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made

parties herein. Any entity listed in Exhibit "C" that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Any entity listed in Exhibit "C" that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

1.4 Pocahontas Gas Partnership controls 96.03% of the Pocahontas No. 3 seam of coal and 91.15% of all coal below the Tiller seam, less the Pocahontas No. 3 seam, 63.34% of the oil and gas, and 89.51% of the coalbed methane leasehold estate underlying the lands described herein and depicted on the attached Exhibit "B". Applicant is an owner of the right to explore for, develop and produce the coalbed methane gas underlying 96.03% of the lands described herein and depicted on the attached Exhibit "B". The coal, oil and gas tracts in which Pocahontas Gas Partnership has no interest are listed on Exhibit "D". The known owners whose interests are to be pooled are listed on Exhibit "C". The known parties with conflicting ownership claims and the percentage of interests to be escrowed are shown on Exhibit "E".

## 2. Allegation of Facts

2.1 A metes and bounds description for the SLW9 unit area to be pooled is as follows:

Beginning at a point Virginia (South Rectangular) State Plane Coordinate N 325,401 E 997,246, thence S 88° 29′ 15″ E 871.30 feet to a point (N 325,378 E 998,117), thence S 01° 34′ 20″ W 9,367.53 feet to a point (N 316,014 E 997,860), thence N 87° 28′ 33″ W 862.84 feet to a point (N 316,052 E 996,998), thence N 01° 31′ 10″ E 9,352.29 feet to the point of Beginning, containing 182.528 acres.

- 2.2 Applicant has proposed a plan of development and operation of the Pool underlying the SLW9 (depicted on Exhibit "A" attached hereto and made a part hereof) and has proposed to commence such plan of development and operation by the production of coalbed methane gas from the following wells: BCH-DG-125 (CBM-PGP-125) and three (3) additional proposed wells depicted on Exhibit "B-1" (hereinafter the "Wells"). Well No. BCH-DG-125 (CBM-PGP-125) has been drilled to a total depth of 1,732 feet.
- 2.3 Applicant herein states that there are two or more separately owned tracts embraced within the SLW9 and that there are separately owned interests in the SLW9. A portion of those having interests have not agreed to pool such interests.

2.4 Applicant has exercised due diligence to locate each of the parties who own or may potentially own an interest in the coalbed methane gas underlying the tracts in the SLW9 unit. Applicant has attached an affidavit of due diligence as Exhibit Applicant has made a bona fide effort to reach an agreement with all known parties as to their interests for the development and operation of the Wells. Simultaneously with the filing of this application, Applicant has provided notice to each of the known parties set forth in Exhibit "C" pursuant to the provisions of Va. Code Ann. § 45.1-361.19A (Supp. 1991). Applicant is providing notice by certified mail, return receipt requested, to each person or entity having or claiming an interest in the coalbed methane gas underlying the tracts in the SLW9 unit. The owners whose locations are unknown at the time of the filing of this application are shown on Exhibit "G". Applicant hereby notifies the Virginia Gas and Oil Board (hereinafter the "Board") that where the identity or location of any person or entity is unknown, or is shown as "unknown" on Exhibits "C", "D" or "G", then Applicant is unable to provide said person or entity with written notice of the application herein. The coalbed methane gas interests of such persons and entities should be pooled for the development and operation of the SLW9 It is necessary, to prevent waste, to protect correlative rights, and to ensure the safe and efficient development and production of gas resources in the Commonwealth, that the Board hear this matter and adjudicate the rights and equities as between Applicant and the parties to this application.

- 2.5 Applicant will deposit into an interest-bearing escrow account as required by Va. Code Ann. § 45.1-361.22 (Supp. 1991) all cash bonuses, royalty payments or other payments attributable to conflicting ownership claims.
- 2.6 The estimated amount of reserves contained within the SLW9 is 1064 1589 mmcf. The estimated average production for the SLW9 unit over its life is 1327 mmcf. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production.
- 2.7 The estimated costs of drilling, completing, and producing the Wells are shown on the Detailed Well Estimates attached as Exhibits "H" through "K".
- 3. Legal Authority. The relief sought by this application is authorized by: (1) Va. Code Ann. §§ 45.1-361.1 et seq. (Supp. 1991); (2) VR 480-05-22.1 (1991); (3) VR 480-05-22.2 (1991); and, (4) such other regulations promulgated pursuant to law.
- 4. Relief Sought. Applicant respectfully requests the Board to enter an order as follows:

- (A) Pooling all the interests and estates of every individual or entity having an interest in the coalbed methane gas underlying the tracts in the SLW9 unit, whether known or unknown, the persons and entities named in Exhibit "C" and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas from the SLW9 for the Pool underlying and comprised of the lands and the Wells depicted on Exhibits "B" and "B-1";
- (B) Designating Applicant, Pocahontas Gas Partnership, as SLW9 operator; providing that the operator shall have the right to drill, explore, develop, produce, market and sell coalbed methane gas produced from the SLW9; granting the operator the right to market and sell coalbed methane gas produced from the SLW9 which is attributable to the conflicting claims and interests pooled herein; granting the operator the right to drill at any legal or permitted location on the SLW9; and granting the operator the right to operate the Wells;
- (C) Establishing a procedure whereby each person or entity named in Exhibit "D" shall have the right to elect: (1) to assign or lease his/its coalbed methane

gas interest in the SLW9 to the operator; (2) to enter into a voluntary agreement with the operator to share in the operation (including sharing in all reasonable costs of the drilling of the Wells and development of the SLW9) at a rate of payment mutually agreed to by the person or entity making the election hereunder and the operator herein; or, (3) to share in the operation of the Wells as a nonparticipating operator on a carried basis after the proceeds allocable to such person or entity's share equal the following:

In the case of a leased tract, <u>300 percent</u> of the share of such costs allocable to such person or entity's interest; or,

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person or entity's interest,

all as determined by the Board;

(D) Providing that any person or entity named in Exhibit "D" who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased his/its coalbed methane gas

interests in the SLW9 to the operator designated herein at a rate to be established by the Board;

- (E) Providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning the Wells shall be borne, and all production therefrom shared, by all participating parties in the proportion which the acreage in the unitized tracts owned or under lease to each such participating party bears to the total acreage in the SLW9, or, in the case of conflicting claims to the coalbed methane gas ownership, providing that all production therefrom be received, subject to the requirement to escrow any proceeds if necessary, by the Applicant, who shall be authorized to drill, complete, and operate the Wells on behalf of all claimants;
- (F) Making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, to the Applicant by all parties who elect to participate therein or who elect to be carried interest owners;
- (G) Providing that with respect to additional vertical ventilation wells to be converted to coalbed methane gas wells, or new wells to be drilled as coalbed

methane gas wells in the SLW9, Applicant shall petition the Board as to the elections available to those operators participating in the initial wells and the allocation of costs for the additional wells among those operators;

(H) Making any necessary provisions for the escrowing of proceeds in cases of conflicting claims to ownership of the coalbed methane gas pursuant to Va. Code Ann. § 45.1-361.22 (Supp. 1991); and,

(I) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

DATED this 17th day of March, 1992.

POCAHONTAS GAS PARTNERSHIP

Authorized Agent for

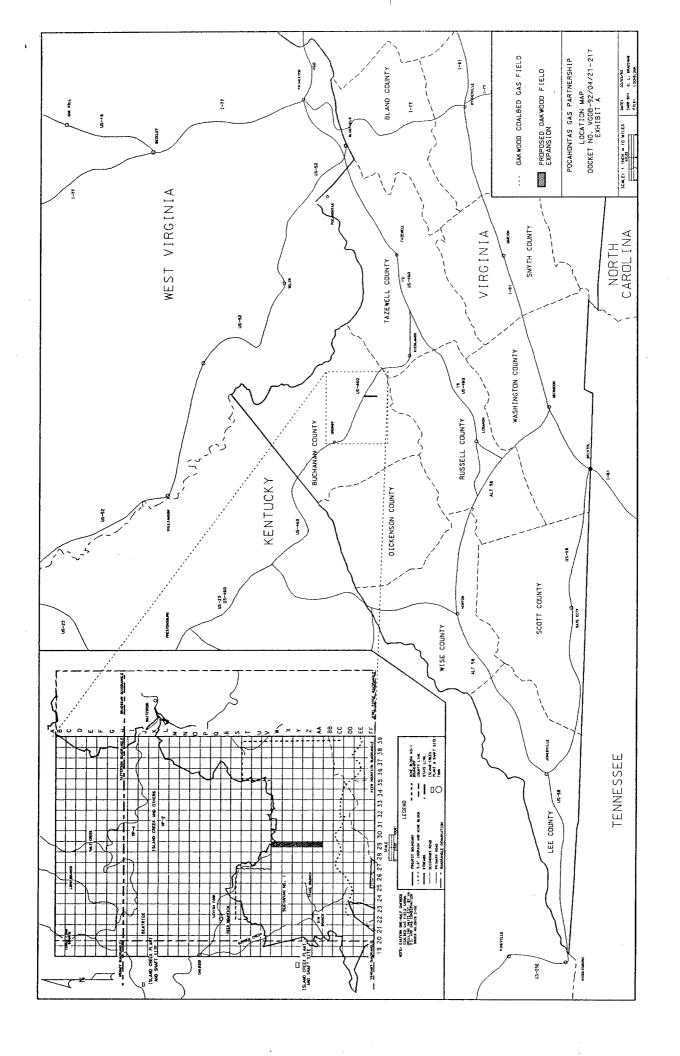
Pocahontas Gas Partnership

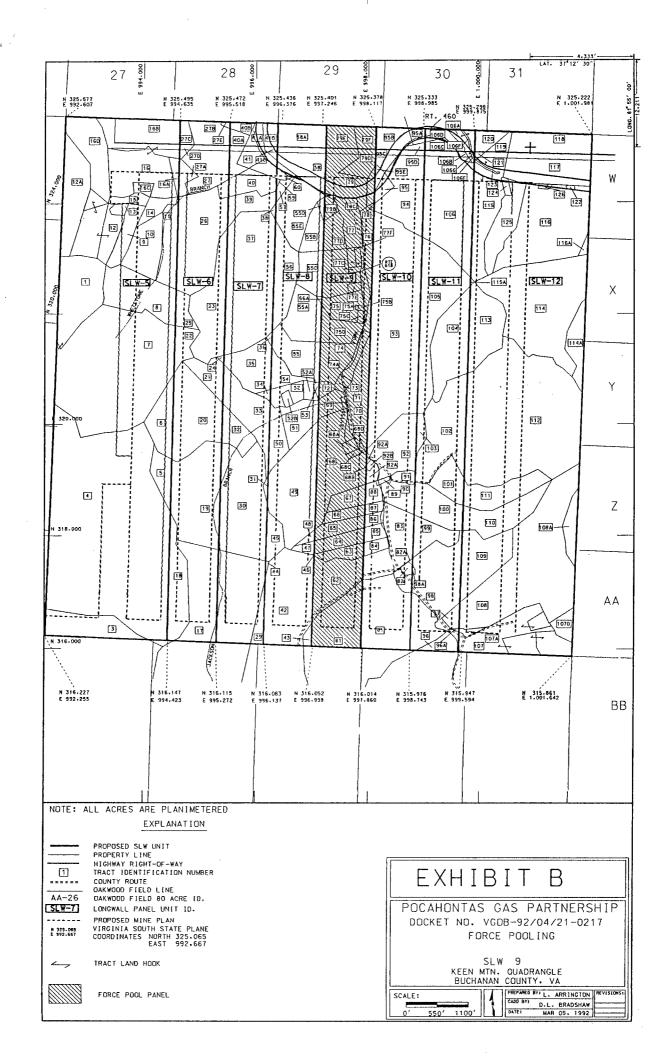
### CERTIFICATE

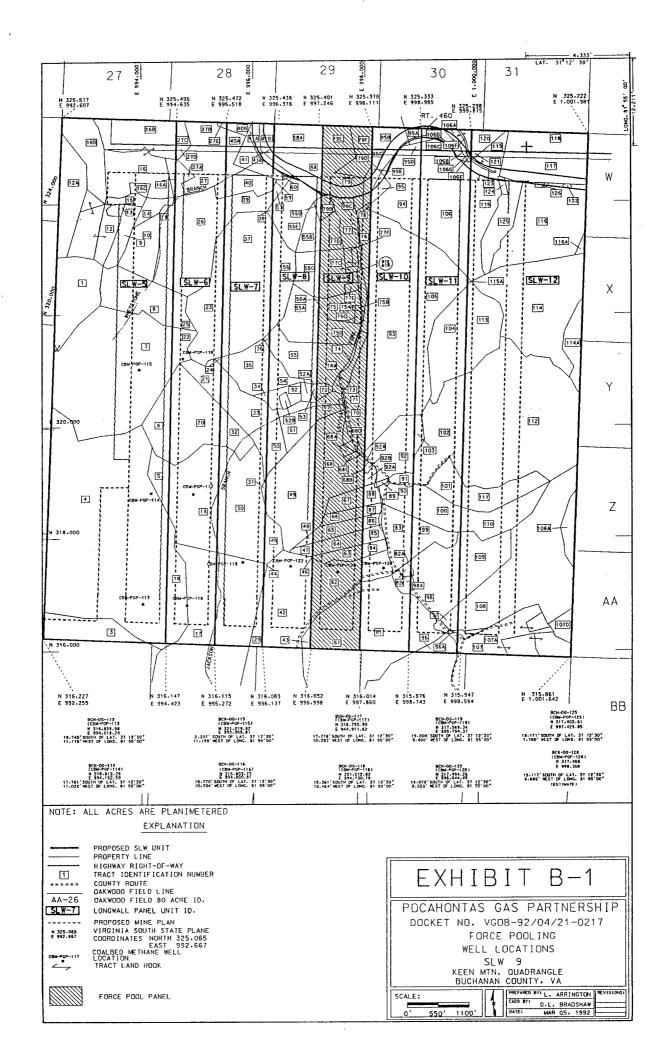
The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. § 45.1-361.19 (Supp. 1991).

Huslie K. Chrungen

[ls\68-53\SLW9FRP.app]







- 61. Coal Mountain Mining Company TR 9 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  16.451 acres 9.01%
- 62. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  14.437 acres 7.91%
- 63. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  3.851 acres 2.11%
- 64. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  5.021 acres 2.75%
- 65. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  4.861 acres 2.66%

- 66. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  3.145 acres 1.72%
- 67. Coal Mountain Mining Company TR 6 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  4.671 acres 2.56%
- 68. Coal Mountain Mining Company TR 14 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  E. Keen Heirs Oil & Gas
  24.4502 acres 13.5454%
- 68A. Coal Mountain Mining Company TR 14 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  R. McCowan Oil & Gas
  1.134 acres 0.62%
- 68B. Coal Mountain Mining Company TR 14 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  R. Keen Oil & Gas
  0.230 acres 0.13%

- 68C. Coal Mountain Mining Company TR 14 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  J. Lambert Oil & Gas
  0.547 acres 0.30%
- 68D. Coal Mountain Mining Company TR 9 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  0.084 acres 0.05%
- 69. Hugh MacRae Land Trust TR 5 Coal
  Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  T. Wade Oil & Gas
  3.489 acres 1.91%
- 70. Hugh MacRae Land Trust TR 5 Coal
  Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas
  0.312 acres 0.17%
- 71. Coal Mountain Mining Company TR 19 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  13.087 acres 7.17%

- 72. Hugh MacRae Land Trust TR 5 Coal
  Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  W. Wade Oil & Gas
  1.271 acres 0.70%
- 73. Hugh MacRae Land Trust TR 5 Coal
  Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  A. Deskins Oil & Gas
  1.337 acres 0.73%
- 74. Consolidation Coal Company Oil & Gas Lessee 2.986 acres 1.64%
- 74A. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  E. Marshall Heirs Oil & Gas
  7.866 acres 4.31%
- 75. Hugh MacRae Land Trust TR 17 Coal Coal Lessees Permac, Inc. Consolidation Coal Company Pocahontas Gas Partnership CBM Lessee J. Rowe Oil & Gas 6.467 acres 3.54%
- 75A. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  A. Ferrell Heirs Oil & Gas
  0.107 acres 0.06%

- 75B. Hugh MacRae Land Trust TR 17 Coal Coal Lessees Permac, Inc. Consolidation Coal Company Pocahontas Gas Partnership - CBM Lessee N. Rose - Oil & Gas 0.258 acres - 0.14%
- 75C. Hugh MacRae Land Trust TR 17 Coal
  Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Fred Sisk Oil & Gas
  0.639 acres 0.35%
- 75D. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  O. Sisk Oil & Gas
  6.888 acres 3.77%
- 76. Coal Mountain Mining Company TR 19 Coal, Oil & Gas Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Consolidation Coal Company Oil & Gas Lessee
  8.522 acres 4.67%
- 77. Yukon Pocahontas Coal TR BV 50-2 Coal, Oil & Gas Coal Lessees
  Jewell Smokeless Coal Company
  Island Creek Coal Company
  Consolidation Coal Company
  OXY USA CBM Lessee
  Cabot Oil & Gas Lessee
  8.490 acres 4.65%

- 77C. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  B. Steele Oil & Gas
  11.333 acres 6.21%
- 77D. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  G. Rose Oil & Gas
  4.915 acres 2.69%
- 77E. Hugh MacRae Land Trust TR 17 Coal Coal Lessees Permac, Inc. Consolidation Coal Company Pocahontas Gas Partnership - CBM Lessee G. Horn - Oil & Gas 0.772 acres - 0.42%
- 77F. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  K. Steele Oil & Gas
  1.889 acres 1.03%
- 78. Coal Mountain Mining Company TR 17 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Yukon Pocahontas Coal Oil & Gas
  Oxy USA CBM Lessee
  Cabot Oil & Gas Oil & Gas Lessee
  0.126 acres 0.07%

- 79. Coal Mountain Mining Company TR 24 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Garden Realty Oil & Gas
  Consolidation Coal Company Oil & Gas Lessee
  9.19 acres 5.03%
- 79B. Hugh MacRae Land Trust TR 17 Coal Coal Lessees Permac, Inc. Consolidation Coal Company Pocahontas Gas Partnership - CBM Lessee D. Wade - Oil & Gas 1.565 acres - 0.86%
- 79C. Hugh MacRae Land Trust TR 17 Coal Coal Lessees
  Permac, Inc.
  Consolidation Coal Company
  Pocahontas Gas Partnership CBM Lessee
  E. Keen Heirs Oil & Gas
  0.187 acres 0.10%
- 79D. Yukon Pocahontas Coal TR-113 Coal, Oil & Gas Coal Lessees
  Jewell Smokeless Coal Company
  Island Creek Coal Company
  Consolidation Coal Company
  OXY USA CBM Lessees
  Cabot Oil & Gas Corporation Oil & Gas Lessee
  4.70 acres 2.57%
- 79E. Coal Mountain Mining Company TR 24 Coal Coal Lessees
  United Coal Company
  Consolidation Coal Company
  Island Creek Coal Company
  Pocahontas Gas Partnership CBM Lessee
  Garden Realty Oil & Gas
  Consolidation Coal Company Oil & Gas Lessee
  4.28 acres 2.34%

### Page 8

79F. Yukon Pocahontas Coal - TR-113 - Coal, Oil & Gas Coal Lessees
Jewell Smokeless Coal Company
Island Creek Coal Company
OXY USA - CBM Lessee
Cabot Oil & Gas Corporation - Oil & Gas Lessee
2.97 acres - 1.63%